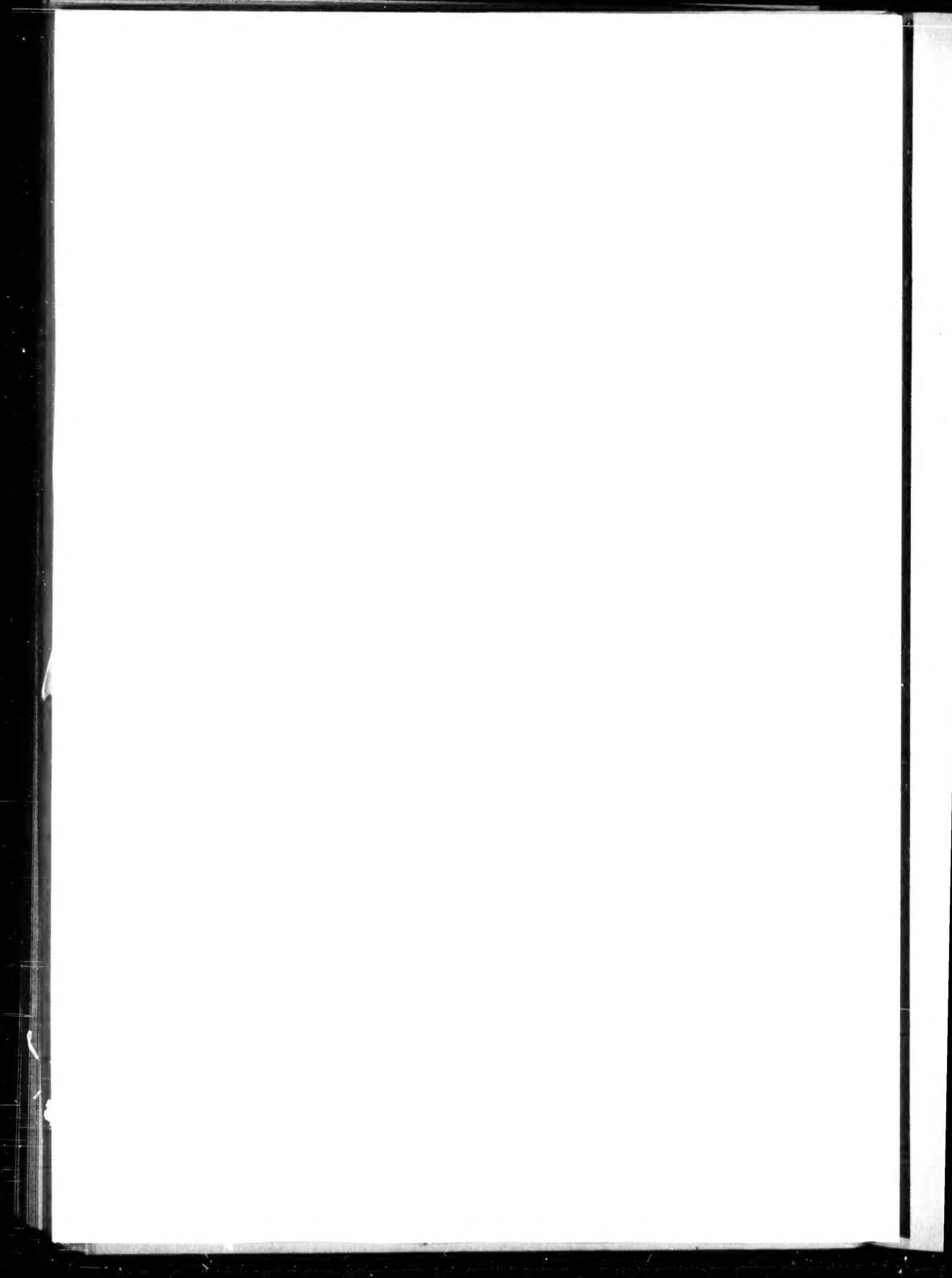




No. 7.

INFORMATION FOR THE ELECTORS.

THE TAXATION CRY.

The Liberals talk much of the burdensome taxation of the country, and it is well to look into this matter for a moment and see how much there is in that cry.

The total revenue for 1890 was \$39,879,925.

But it is well to remember that of this amount \$8,292,853 does not represent taxation at all, but simply the earnings of our public works, our post office, our railways, our canals, and the interest on our investments. For every dollar we paid in these ways full service is given.

This leaves the sum of \$31,587,071, raised by customs and excise. This is generally termed taxation, but it must not be forgotten that it represents two very different kinds of burden. There is a large sum derived from the duties paid upon liquors and tobaccos, amounting in 1889-90 to \$10,365,219.

This, to say the least, represents a voluntary and not a necessary taxation. If one does not choose to drink intoxicants, he does not pay any portion of tax therefor: if he does choose to indulge in what is by no means a necessity and thereby pays a tax, he has no right to complain on that account.

Taking this from the former amount it leaves \$21,221,852, which is paid in duties upon articles of necessity, comfort and luxury. From this we may deduct \$1,500,000 paid in duties upon silks, jewellery and the like—not articles of necessary or

common use, but of luxury, and upon which, if one buys, he is supposed to be able to pay the duty.

This leaves \$19,721,852 as the taxation in 1889-90 upon articles of usefulness and necessity paid by the people of Canada.

To recapitulate we will append the following table,—

	Amount.	Amount per head.
Total Revenue, 1889-90.....	\$39,879,925	
Deduct earnings.....	8,292,853	
Customs and Excise duties.....	31,587,071	\$6.09
Deduct Liquors and Tobaccos.....	10,365,219	
Balance tax for articles of use and luxury	21,221,852	\$4.09
Deduct duties on luxuries.....	1,500,000	
Net balance of taxation on articles of use and necessity	19,721,852	\$3.80

But it must be remembered that under our system direct taxation is unknown for the support of general and provincial governments. Out of this amount paid into the general revenues the Federal Government returns to the provinces \$3,904,922 provincial subsidies; pays the interest on the provincial debts of \$109,000,000, equivalent at the net rate to \$3,270,000, but which, as some of it bears the highest rates of interest, is in reality much more; pays for the salaries of provincial governors and judges and courts nearly \$800,000, or in all about \$8,000,000. This is returned yearly to the different provinces for purely provincial purposes, and such as, in the United States, the various States have to support by direct taxation.

Let us see also as to the incidence of this taxation.

THE INCIDENCE OF TAXATION.

All agree that luxuries should pay most, and that necessary and staple articles should either pay less, or pay nothing at all; and that if taxation is to be laid, it should be so laid as to compensate, by its stimulation of industries, its employment of labor, and the increased consumption which it gives, for the burden upon the country, and which is necessary for the carrying on of the Gov-

ernment. Now, if that be true, Canada to-day, in her geographical position, with her natural resources, of the peculiar kinds that they are, is a country which is particularly happily situated for the system of taxation which has been the policy of this country from 1878 until the present day. For, Canada is a country which, in comparison with most countries in the world, has an advantage in possessing an over-supply of the great staples which are necessary for food, for lodging, and for the staple wants of the country. She has her forests with their immense resources; and the houses that are to be built, the barns that the farmers and the people require, and those works which require lumber as their staple, find in the country itself great resources in that respect, with a surplus going every year into the foreign markets of the world. The same is true with reference to the great cereal productions of the world. Canada is a country which produces more wheat, produces more barley, produces more staple foods of most kinds than is necessary for the sustenance of her people, and in those ways she is happily situated so far as the great necessities of life are concerned.

THE RICH MAN'S CONTRIBUTION.

Now, to come down to what may be considered a very common, but a very practical illustration, let us take the case of three persons to illustrate the incidence of the taxation. Here is our well-to-do man, who has means, who has luxurious tastes, and who is disposed to gratify them. With that no one finds fault, but this country says that if he is disposed to gratify them, and has the means to do it, he shall pay a tax for doing it if he goes outside the country to obtain his luxuries and to get the things which he desires. If such a man as that buys in the city of New York \$1,000 worth of fine furniture and brings it into Canada the country taxes him to the extent of \$350 upon that. If he is musically inclined and buys a piano which is worth \$1,000, he pays upon that, when it comes across the customs line, \$230. If he is fond of statuary and makes an investment in that line to the extent of \$500, he pays \$175 in duty in bringing it across the line. If he buys expensive plate to the value of \$500, the duty upon it is \$150. If he wears jewellery,

or buys it for his household and brings it from a foreign country to the value of \$500, he pays \$100 duty upon it. If he is fond of wine and lays in 20 dozen of champagne, he pays upon that a tax of \$130. If he requires silks for the wear of himself and his family, to the modest tune of \$300, and imports them, he pays a tax of \$90. If he wishes a fine carriage and sees one to satisfy him there, and brings it across the line, and pays for it \$500, he pays a duty of \$175 upon it. Upon carpets for his house of extra make, which he may buy in a foreign market to the extent of \$800 in value, he pays a duty of 25 per cent., or \$200. Upon that modest stock of luxuries for a man of means who is disposed to gratify his desires in that respect, he has paid into the treasury of the country \$1,600 in duty. That is one man's contribution, but it is the contribution of a rich man who wishes these luxuries, who imports them from abroad, and who, the country says, being able to pay for them, must keep up the revenue of the country by paying a tax upon them.

THE FARMER'S CONTRIBUTION.

Now we will take No. 2, and that is the case of the farmer of this country, for whom we all desire to do the best we can. The farmer of this country lives upon his farm in the rich Province of Ontario, let us say. Nearly all the foods that are used by the farmer are raised upon his own farm and pay no duty; the wheat he raises he has ground at the neighboring mill; it is brought into his home and he pays no duty upon it. The house itself, the outhouses, the barns, everything that is necessary in the way of housing for the work of the farm is built out of woods which grow in this country, of which we have a surplus, and upon which he pays no duty.

The clothing for himself and his family is in many cases made from the wool which is raised by the farmer himself, or, if he does not raise it himself, he clothes himself and his family with the products of our mills, the raw material of which is admitted free. His lumber of all kinds, his furniture of all staple and solid kinds, his farming machinery, are made, and made to the best advantage, out of the woods of his own country. His fuel grows in the forests which are all about him, or is found in

the mines in inexhaustible quantities in this country. So that taking it in the gross, in the rough, the staple articles of consumption, and of housing, and of fuel for the farmer are those of which this country produces a surplus, which are free within the borders of this country and upon which not one cent of tax is paid.

No. 3 is the artisan. He does not live on a farm on which he is able to raise what he consumes, but he lives in a village or town; but the articles of food which he buys, the clothing which he wears, the lumber he requires for house purposes, the furniture which he puts into his home, the tools which he uses to a large extent and the fuel he burns, which are the larger items in the expenditure of the artisan as well as in the expenditure of the farmer, are obtained in this country, which produces a surplus of them. No duty is paid, therefore, upon them. So that in this country with its present fiscal system and with its peculiar natural advantages, the tariff arrangement under which we live is one which brings the incidence of taxation where it should rest most heavily, viz., upon the man who buys luxuries and has expensive tastes and is willing to gratify them, and least heavily upon the farmer, the well-to-do saddleman and the artisan and the labouring class. There is another fact, which is one of considerable importance, that the peculiar structure of our tariff arrangement makes it almost a necessity, at least it makes it a possibility, that as the raw material which comes in as the material for manufactures is untaxed, while the manufactured article pays tax, the stimulus given leads to the establishment of new industries, which in their turn gather about them Labour and so afford employment to the people, and make in their turn centres for the consumption of the surplus products of the country. To make that argument just a little stronger, if we look into the customs returns we will find that more than 200 articles which enter into the manufacture of goods come in duty free, and that nearly one half the imports for home consumption were, in 1890, admitted free of duty in this country.

TAXATION IN CANADA AND UNITED STATES.

The comparison is made as well between the debt of the United States and the debt of Canada as it is between the taxa-

tion of the United States and the taxation of Canada, and the basis in one respect is almost as unfair as the basis in the other. But if we look through the figures of the taxation borne by the people of the United States, we will find that taking twenty-three years, corresponding to the life of the Dominion of Canada, in the United States, in Customs and Excise—that is what we may call tax—they have paid at the rate, taking the average of their people, of \$6.70 per head during that period. If we take the amount paid by the people of Canada for Customs and Excise in the same time, the average for its population is but \$5 per head, a difference in favour of the Canadian citizen of \$1.70 per head on the amount of Customs and Excise taxation for the period of twenty-three years ending 1888-90. That is, if Canada, during those twenty-three years, had been as heavily taxed for Customs and Excise as were the people of the United States, we would have paid, taking our average population at 4,000,000 souls, \$156,400,000 more than we did pay under our lower system of taxation, as compared with that of the United States. If we take the last ten years, from 1881 to 1890, the taxation paid in the United States was \$5.96 per head, and in Canada \$5.80, a difference of 16 cents per head in favor of Canada for that period. For the year 1891, the McKinley tariff will still further increase the taxation in the United States.

Sometimes people think that only a country like Canada, enjoying a protective tariff, has to pay Customs and Excise taxes.

TAXATION IN FREE TRADE BRITAIN.

If we go to Great Britain, what do we find? We find the taxes gathered there in 1888 were as follows:—

Customs	\$ 85,158,253 ;	amount per capita.	\$2.30
Excise.....	124,551,485	do ...	3.36
Stamps.....	63,457,777	do ...	1.71
Land Tax.....	5,005,800	do ...	0.13
House Tax.....	9,428,400	do ...	0.25
Property and Income Tax.....	70,178,400	do	1.89
Total Revenue	357,780,115	do ...	9.64

So there is a tax paid under these different heads of \$9.64 per head of the population in free trade Great Britain. It is fair to say, after carefully looking into this matter, that taking the incidence of taxation in Great Britain and comparing it with Canada, it is much more severe and onerous upon the poorer classes of Great Britain than it is upon the poorer classes of Canada, and it does not have the beneficial effect there in the way of stimulating industries and giving employment to labor that it has in Canada. In France the tax per head reaches \$12.86, or a difference in favor of Canada of \$7.20 per head. In Australasia the tax per head is \$12.79, or a difference in favor of Canada of \$7.13.

THE APPLICATION OF TAXATION.

We must all agree that in considering taxation, it is always necessary to have regard to the application of the money which is raised by taxation, and when we come to look into that a little we will find that Canada stands in a position of immense vantage in this respect, as compared with the United States of America or Great Britain. In the United States for the last year we find that they made the following payments:—

EXPENDITURE.

UNITED STATES.

Interest on debt	\$ 41,001,484
Pensions.	87,624,779
Civil expenses	25,566,131
Redemption of debt.....	47,583,313
Military.....	44,435,270
Navy	21,379,809
Miscellaneous	41,990,148
	\$309,579,934

So that for those expenses alone, nearly all of which are for war, or for the results of war, or for the keeping up of the military status, there was paid by the United States \$310,000,000. When we look at Great Britain, we will find the statement equally true with reference to the application of taxation. Great Britain last year paid the following sums in expenditure:—

GREAT BRITAIN.

Paid.

1890.

Interest on debt, including cost of management and sinking fund.....	\$121,873,738 47
Naval and military list.....	159,537,723 47
Civil list and administration.....	140,016,676 67
	\$421,420,138 61

Or a total of nearly \$422,000,000 for these services, while only about \$50,000,000 was paid for the collection of revenue, post office service, telegraph service and packet service. Having regard, then, to the application of taxation, there is no comparison, as far as the benefit to the people is concerned, between the taxes which are raised in Great Britain and the United States and those which are raised in Canada.

With the exception of the money expended as a result of the unhappy outbreak in the North-West, every cent of taxation, speaking in the gross, which is raised in Canada, and which has been raised since Confederation, has gone, not for war, not for waste, not to make up the ravages of war or to pay for the consequences of war, but to construct productive public works which have repaid the country for the outlay and have made this a country where business is speeded, where commerce finds splendid facilities, and where the people have every resource at their command to make them a business people, with profit to themselves and prosperity to the country.

